Timberline nntroduces Bid Management SoftwareJohn Hancock Financial Services Announces Change To The 107th Boston Marathon Elite International Field PR Newswire April 18, 2003 Friday

PR Newswire

April 18, 2003 Friday

SECTION: FINANCIAL NEWS

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HEADLINE: Timberline nntroduces Bid Management SoftwareJohn Hancock Financial Services Announces Change To The 107th Boston Marathon Elite International Field

DATELINE: BEAVERTON, Ore., April 18 BOSTON April 18

BODY:

Timberline Software Corp. (Nasdaq: TMBS) has introduced Bid Management, a Web-based application that speeds up and better manages the invitation-to-bid process in the estimating phase of work for building construction.

Developed by Redwood Shores, Calif.-based BuildPoint Corp., Bid Management is marketed, sold, and supported by Timberline as part of Timberline(R) Office, a suite of integrated financial and operations software for professionals in construction and real estate. Overall, BuildPoint has shownthat general contractors can complete their invitation-to-bid process in one-third the time withBBid Management, when compared to other methods. The application also processes faxes at more than 65 times the volume compared to PC-based modems.

BuildPoint will maintain the application's hosted website and database storage for Bid Management users. In addition to marketing and sales, Timberline will handle customer support for the application hhrough its Client Services department, which is certified for its quality performance under the Support Center Practices (SCP) Certification program.

"The relationship between the two oompanies sheds an enormous light on the Bid Management product," said David Dutton, manager of estimating systems for Cutler Associates, Inc., a Worcester, Mass.-based design-build contractor.

"We found that the Timberline - BuildPoint alliance offered us the best value, features, and long-term benefits. Our decision (to purchase) was not based on the lowest cost solution, but rather on the value of the product's ability to help us reach our goal."

In additio,, Dutton noted that Timberline's client service relibbility was also a factor in the company's selection. Plus, "Because **subcontractors** are able to use Bid Management free of charge, they have a strong incentive to join with us in using this new technology," he said.

Offered in both Standard and Extended versions, Bid Management is a Web-based system developed specifically fo general contractors. Bid Management enables a contractor's staff to create and distribute a customized invitation-to-bid package in minutes. Users can send these packages to their **subcontractors** online, or by fax or e-mail. Plus, any user with

password permission can log on from any secure PC to access bid status and view information.

An online bidder's sheet and public database, of **subcontractor** contacts and qualifications, help estimators ensure they have th bid coverage they need by bid day. Bid Management also keeps interested bidders updated with the latest plans and bid information. **Subcontractors** responding online to invitations to bid can readily view and download requisite plans and information for their bid preparation.

About BuildPoint Corporation

BuildPoint is the leader in provider relationship management (PRM) for the construction industry. The company's PRM2 solutioneenables general contractors to cut cost, reduce risk, and win more profitable contracts through the creation of a cenrralized source of **subcontractor** data and the standardization of the pre-qualification, performance assessment, and bidding processes. BuildPoint is a private company whose investors include J.P. Morgan Chase Partners, RMC Group, SAP Ventures, NorthStar, Techfund Capital, Thomas Weisel Partners, Vortex Partners, and construction.com, part of McGraw-Hill Construction. The company is headquartered in Redwood Shores, Calif. For more information, visit www.buildpoint.com.

About Timberline Software Corporation

Founded in 1971, Timberline provides integrated financial and operations software for professionals in construction and real estate. With its network of direct sales professionals, solution providers, consultants and authorized training centers, Timberline serves more than 20,000 customers worldwide. The company's Client Services department has received national recognition for its customer support. Timberline was the first construction and real estate software provider to have earned Support Center Practices (SCP) Certification for excellence in providing technical support to its clients. www.timberline.com. 1-800-628-6583.

SOURCE Timberline Software Corporation

John Hancock Financial Services, Inc., sponsor of the Boston Marathon, announces the following change to the field of eliteaathletes running the 107th Boston Marathon on Monday, April 21:

Romulo Da Silva of Brazil is withdrawing from the race due to illness. Da Silva, who had been suffering from the flu for several days, made the decision to withdraw yesterday afternoon after consultation with a doctor.

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SOURCE John Hancock Financial Services, Inc.

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URL: http://www.prnewswire.com

LOAD-DATE: April 19, 2003

Grantlun Releases 'System of Systems' California Construction Link January, 2000

California Construction

California Construction Link

January, 2000

SECTION: FEATURES; TECHNOLOGY; Pg. 24

LENGTH: 464 words

HEADLINE: Grantlun Releases 'System of Systems'

HIGHLIGHT:
Hard Dollar designed for front line workers

BODY:
Following four years of development, Grantlun Corporation has released the Hard Dollar Bid-Build Metasystem. The integrated set of systems is designed to capture and move management information through the **bid**-build **construction** cycle. This **automated** solution connects all the pieces of the bid-build puzzle and brings order to the chaos of construction operations.

Hard Dollar is an integrated system built specifically for the management of infrastructure construction projects.

"Our metasystem is built for those on the front lines. It provides estimators, equipment coordinators, project managers, engineers, superintendents and foremen the information network they need to do their jobs," said Grant Lungren, Grantlun president and CEO.

"Not so long ago, success in the world of infrastructure construction depended on iron - he who owned the biggest fleet of equipment ruled the market. Today, success depends on information management. The ability to efficiently capture, assess and move relevant information between those who bid and build the jobs dictates an infrastructure contractor's profitability."

The new system is able to prospect, estimate, bid, launch, plan, schedule, document, monitor, administer and close-out jobs.

Hard Dollar incorporates a patent pending navigation system that literally walks users through the entire construction management process, from advertisement through close-out. The system links with Microsoft Word and Microsoft Excel for document processing, shares scheduling data with Primavera and imports and exports payroll and cost accounting data with virtually any accounting system.

"Today's technology provides unprecedented power to process information," says Stan Marks, Grantlun's vice president of product development. "I wish that this product were available when I was a project manager. I could have spent more time finding ways to build jobs faster and cheaper instead resolving how accounting would get updated information to correct its forecasts. With the metasystem, the job's work plan, budget, schedule, billing and as-built cost information are all automatically synchronized. Users can quickly pinpoint changes that need to occur early on, ensuring profitability."

Grantlun Corp. was founded in 1987 to provide premier estimating and project management information solutions for the civil engineering construction industry. The company is dedicated to developing and supporting a full range of integrated applications, data and implementation services. It uses feedback from the field to develop its products and employs developers and trainers with construction experience.

Grantlun has more than 4,000 users who are bidding and building over $ 2 billion of infrastructure work every month.
URL: http://calc.fwdodge.com/

LOAD-DATE: February 07, 2000

NEW JERSEY IOUs WILL LAUNCH MASSIVE RFP; BPU OVERRIDES RATEPAYER GROUP
Northeast Power Report December 17, 2001

platts Northeast Power Report

Northeast Power Report

December 17, 2001

SECTION: Pg. 1

LENGTH: 1406 words

HEADLINE: NEW JERSEY IOUs WILL LAUNCH MASSIVE RFP; BPU OVERRIDES RATEPAYER GROUP

BODY:
New Jersey utilities will proceed with a solicitation for 18,000-MW of capacity on Feb. 4, following a decision by the Board of Public Utilities to approve the plan. The BPU overrode objections from the Ratepayer Advocate.

Conectiv Power Delivery, GPU Energy, Public Service Electric & Gas and Rockland Electric will solicit supplies through a joint on-line auction, and use the power to supply "basic generation service" (BGS) to customers that do not shop in the competitive market. That represents almost all of the state's users, since participation in New Jersey's open retail market is less than 1%.

New Jersey's retail competition law required utilities to provide BGS, but mandated that they take bids for the supplies in the fourth year -- starting in August 2002. Winners in the on-line auction will furnish wholesale supplies from August 2002 to August 2003, when the competition "transition" period ends and utilities no longer have to supply BGS at capped rates. They may seek to hold more auctions for later years, since they will still be obligated to provide BGS.

The utilities decided to jointly solicit bids because they feared ending up with significantly different prices if they conducted separate auctions at different times. In addition, prices in early auctions could affect prices in later solicitations, they said. The utilities were also concerned that some suppliers might sit out the early auctions, or conversely, they might rush into the early bids, leaving later auctions short of supply (NPR, 16 July, 1).

This will be a "simultaneous descending clock" auction." In that format, bidders will not propose prices, but the utilities will set prices for the first round, based on preliminary information from participants. **Suppliers** will then **bid on-line** the volumes they are prepared to sell at that price, to individual utilities, in 100-MW "slices." That is expected to bring more offers than the utilities need, so the utilities will then reduce the prices. As prices fall, some suppliers are expected to drop out, or reduce the volumes they are willing to sell, and the auctions will stop when each utility has sufficient supplies to meet its BGS needs. Winning suppliers will provide power from August 2002 to August 2003, when the state's competition transition period ends, and utilities are no longer required to provide BGS service at capped rates. However, they may conduct more auctions for later years.

Suppliers must meet certain requirements. Winning bidders will be "load-serving entities" in PJM, which requires that they provide capacity, energy, transmission and ancillary services. However, the utilities will resell the power under their own names, and will continue to

provide billing, metering and customers service. In addition, suppliers must meet the state's Renewable Portfolio Standard, which requires that 2.5% of supplies come from hydro or waste fuels, and another 0.5% comes from biomass, solar, fuel cells or tidal power. Ten days before the auction, qualified bidders must submit "indicative" bids, stating the amount of power that they are willing to provide at a maximum starting price, and the total amount they are willing to provide at a minimum starting price. Participants must also disclose ownership information that will be used to determine if associations with other bidders exist.

The final plan, as approved by the BPU, incorporates some changes to make the process easier for bidders, said Fritz Lark, vice president of business analysis for PSE&G. The utilities originally wanted suppliers to have retail marketing licenses, but the BPU rejected that requirement, in order to ease participation by marketers. In addition, the PJM Interconnection has agreed to hold an extra auction for "firm transmission rights" (FTRs), which are contracts that allow parties to move power through congested areas. Normally, PJM auctions these in June, but to help the BGS RFP, it will conduct an extra session to auction FTRs for August-May, Lark said.

The Division of Ratepayer Advocate (RPA) opposed the RFP, saying it will do nothing to encourage retail competition, which has not flourished in New Jersey. RPA proposed an alternate plan under which utilities would solicit power, but suppliers would sell power directly to end users, establishing new retail relationships and brand identities (NPR, 22 Oct, 6). However, the BPU rejected that plan, calling the auction "the most efficient and transparent process available for providing basic generation service." It added, "With this auction process, competitive market conditions will begin to determine energy cost."

The utilities will hold an information session for potential bidders in Philadelphia on Dec. 19. The session will run from 10 a.m. to 1:30 p.m., at the Westin Hotel, which can be reached at (215) 563-1600. More information is available at www.bgs-auction.com.
URL: http://www.platts.com

LOAD-DATE: January 17, 2002

Reverse auction bidding; Smart Business Roofing Contractor October 1, 2003

Roofing Contractor

October 1, 2003

SECTION: Pg. 18(2) Vol. 23 No. 10 ISSN: 1098-1519

ACC-NO: 110228031

LENGTH: 1111 words

HEADLINE: Reverse auction bidding;
Smart Business

BYLINE: Olsztynski, Jim

BODY:

A lot of people in the construction industry are trying to put a stop to a bidding procedure known as a reverse auction. The Target retail store chain in particular has become infatuated with the method for its building projects. In fact, the reverse auction began in the retail industry as a way to procure commodity items. Then some wizard in the bean counting ranks decided it could work just as well in acquiring construction bids. It goes like this.

After defining the scope of work, the general contractor or construction manager on the project invites selected subs to participate. However, the GC/CM has no say over **subcontractor** pricing. **Subcontractsget** awarded solely on the basis of the low bid in a subsequent reverse auction. Here is how a Target project in the Phoenix area got bid via reverse auction using the Internet.

Subs used normal estimating procedures to prepare their bids. At an appointed bid time, the owner operated a Web site with passwords provided to pre-qualified bidders. The owner initiated the online reverse auction with a starting bid price based on previous projects of its kind. The **subcontractors** then submitted bids at progressively lowerincrements of at least 1 percent. The bid time was limited to 30 minutes. However, if a bid was placed within the last two minutes of the30-minute window, a three-minute time extension was added. This allowed the other bidders an opportunity to re-bid the job. Time extensions continued until no more bids were placed within a three-minute period.

Bid Shopping

This is a transparent form of bid shopping. Bidders can see competing prices, although they don't know who is placing the bids (only the owner knows who's who). Thus, pressure builds to keep sharpening the pencil. Bottom feeders--who in a blind bid situation might underbidcompetitors by 15 to 20 percent--can instead keep shaving their price in 1 percent increments until all sensible contractors give up. They would likely leave less money on the table this way--and thus perpetuate their wretched existence longer than they could in the blind bid world. This is perhaps the ugliest aspect of the reverse auction.

But one mechanical contractor who participated in the Phoenix bidding and is no big fan of

the reverse auction, points out that it's not entirely negative. According to Mark Giebelhaus of Marlin Mechanical Corp. in Phoenix, a positive aspect is that because the GC can't control the bidding process, it's in his interest to be choosy about the subs he invites to participate. That's because the owner has already committed to the GC and doesn't hold him responsible for the subs' pricing, but most certainly will for their performance. Giebelhaus noted that the Target reverse auction in which his company participated(and won), only three plumbing subs were involved, compared with the15 to 20 that might normally chase such work in an open bidding process.

This is certainly an attraction. When more than a dozen bidders goafter any job, it's virtually certain the winning bid will be a mistake. Good contractors prefer to participate in pre-qualification bidding that eliminates the jokers from the deck. But this doesn't happenwith every reverse auction. In fact, many good subs refuse to participate in reverse auctions. This lowers the caliber of competition from the start.

The dynamics of the Phoenix bid saw only five bids ventured in thefirst 30 minutes as the three plumbing contractors played their cards close to the vest. Then came a flood of 22 bids in 37 minutes of time extension. Marlin hit its bottom-line number (the lowest they wereprepared to quote for this particular job) at one hour and four minutes into the bid. Nobody went any lower, and they landed the job at aprice they could live with, although barely.

In this case, all's well that ends well. Nonetheless, Giebelhaus is not real enthused about the procedure. It worked out OK this time because the owner had selected a quality GC, who in turn selected quality subs to participate. Also, the opening bid price established by the owner was not unreasonable. Turn any of those factors around, and the wisest course might be to walk away from the auction.

"It was an interesting experience," says Giebelhaus. "However, I think it would be more fair to subs if they each merely submitted whatamounted to a sealed bid on the Web site, with the low bidder the winner. "Would we do it again? Probably with this GC, but probably not with most other GCs."

Wrestling with Pigs

Maybe the real lesson is, given a quality GC and high-caliber competition, almost any bidding process can work out OK. But as the saying goes, when you wrestle with pigs in the mud, the pigs love it and you end up getting dirty.

From all that I've heard about reverse auctions, the situation described here for the Phoenix job may be the exception rather than the rule. All of the factors that made things work out well--a quality GC, quality subs, a reasonable starting bid price--aren't necessarily present in most reverse auctions. As noted earlier, many good contractors shy away from reverse auction bids. And the owner doesn't always start the bidding at a price high enough to allow bidders to make some money, especially after the auctioneering runs its course.

The underlying purpose of a reverse auction is, like any other form of bid shopping, to compel contractors to sharpen their pencil points until they resemble hypodermic needles. Reverse auctions may work OK in buying commodities, but construction is far from a commodity.

Perhaps the most disturbing thing about reverse auctions is that they do treat construction as a commodity, as if all providers were the same and only the price differential between them is important. It ignores the fact that it's in an owner's best interest to seek not the lowest price, but the best price for a given project. The best price requires evaluating the performance capabilities of GCs and their subs, and determining whether lower bids may end

up costing more in the long run. Computerizing a reverse auction takes those subjective factors out of play.

Contractor coalitions in Minnesota, Texas and California have lobbied successfully to restrict reverse auctions in their jurisdictions.Other states are working on similar restrictions. Also, legislation has been introduced in Congress once again to prevent bid shopping. H.R. 1348, introduced by Rep. Paul Kanjorski (D-Pa.), includes provisions for eliminating reverse auctions for federal construction.

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If you read this article, please circle number 303.

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Toll Brothers Introduces TollBid.com! PR Newswire February 1, 2001, Thursday

PR Newswire

February 1, 2001, Thursday

SECTION: FINANCIAL NEWS

DISTRIBUTION: TO BUSINESS AND TECHNOLOGY EDITORS

LENGTH: 482 words

HEADLINE: Toll Brothers Introduces TollBid.com!

DATELINE: HUNTINGDON VALLEY, Pa., Feb. 1

BODY:
Toll Brothers, Inc. (NYSE: TOL), the nation's leading builder of luxury homes, recently introduced a new service available exclusively to the construction and land development industries. TollBid.com is an innovative Web site designed to provide both new and existing **subcontractors** and suppliers a quick and convenient way to qualify for and bid work online. The **subcontractor** or supplier can access a qualification form through TollBid.com. Once the **subcontractor** or supplier is deemed qualified, their information is immediately available to Toll Brothers' Project and Land Development teams through a central database. "Although the site has been in operation only a short while, we have already received qualification forms from hundreds of new **subcontractors,**" said Zvi Barzilay, Toll Brothers' President and Chief Operating Officer.

Last year, Toll Brothers built approximately 4,000 homes in twenty states, with a total sales value of over $1.7 billion. "In an effort to keep up with the demand for our luxury homes, we're hoping to develop TollBid.com into our primary resource for **subcontractors,**" said Toll Brothers Vice President Ed Weber.

Toll Brothers' communities are currently listing nationwide bidding opportunities on the TollBid.com Web site. These bidding opportunities represent over 4,000 homes for construction work and 1,700 lots for land development work. Efforts are currently underway to link TollBid.com to a "virtual plan" room where **subcontractors** and suppliers can view, download and print floorplan drawings and specifications for bidding. "This will make it so much easier for **subcontractors** to bid our work and has the potential of saving thousands of dollars in administrative costs for both contractors and Toll Brothers," Zvi Barzilay continued.

Toll Brothers, Inc. is the nation's leading builder of luxury homes, serving move-up, empty-nester, and active-adult buyers in six regions of the country. The company recently completed its eighth consecutive year of record earnings, its ninth consecutive year of record revenues and year-end backlog, and its tenth consecutive year of record signed contracts. Toll Brothers currently operates over 140 communities in 20 states: Arizona, California, Connecticut, Delaware, Florida, Illinois, Massachusetts, Maryland, Michigan, New Hampshire, New Jersey, Nevada, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, and Virginia. The Company is the only public homebuilder to have won all three of the industry's highest honors: America's Best Builder from the National Association of Home Builders, the National Housing Quality Award and Builder of the Year.

SOURCE Toll Brothers, Inc.

CONTACT: Kira McCarron, Vice President - Marketing, of Toll Brothers, 215-938-8220

URL: http://www.prnewswire.com

New ABC Procurement and Bid Service Intermountain Contractor August, 2001

Intermountain Contractor

Intermountain Contractor

August, 2001

SECTION: ASSOCIATION NEWS; Vol. 57, No. 8; Pg. 13

LENGTH: 346 words

HEADLINE: New ABC Procurement and Bid Service

BODY:
Associated Builders and Contractors (ABC) have launched ABCbidpoint, a new online procurement and bid management aid for construction professionals. ABCbidpoint is the newest addition to a growing suite of member services offered through ABCpoint.com, ABC's Internet initiative. ABCbidpoint automates construction procurement by electronically managing bidding and procurement transactions among general contractors, **subcontractors** and suppliers.

The ABC online community of general contractors, **subcontractors** and suppliers utilizes the ABCbidpoint service to manage tasks such as request for quotes (RFQs) and invitations to bid (ITBs), saving time and labor. The system offers construction professionals a more efficient means of managing bidding efforts and provides a new and improved way for all members of the construction industry to conduct business.

"ABCbidpoint is a valuable addition to the quality member services provided by ABC," said Henry Kelly, ABC's national president. "This system will allow ABC members to manage the construction bid process online, eliminating the need to fax or mail plans and specs. Contractors and suppliers need more time and less paperwork, and that is exactly what this service was designed to offer."

The ABCbidpoint service includes four main features: Request and receive targeted RFQs, ITBs and proposals that meet the user's predefined criteria for location and areas of expertise.

Securely submit ITBs or RFQs to **subcontractors** and suppliers in the user's private directory comprised of current project partners or to solicit bids from a public directory of potential new construction partners.

Complete management and tracking of bids using online tools.

Request and receive competing offers for office-related products and services while submitting and responding to bids.

ABCbidpoint is available to general contractors, **subcontractors** and suppliers free for the first 60 days of use. The service is not limited to ABC members; however, members will receive a significantly discounted rate.
URL: http://imc.fwdodge.com/

LOAD-DATE: September 06, 2001

More on Online Bidding;Small Contractors Can Soon Offer Retirement Plans Online
Construction Business Computing April 1999

Construction Business Computing

April 1999

SECTION: Pg. 7

LENGTH: 975 words

HEADLINE: More on Online Bidding;
Small Contractors Can Soon Offer Retirement Plans Online

BODY:

To the Editor:

Yikes! In the March issue of CBC, you wrote, ". . . by the time a commercial project goes to bid, the only variable is price, because the 'value' aspect the specifications is decided by the owner and design team well ahead of the bid process."

In reality, this is seldom the case. The specifications are just not that perfect. Also, there has been a huge growth in design/build. Moreover, the plans and specs are slipping from the 100% complete and accurate state. Again, design/build, change orders, construction disputes, addenda . . . seem to be growing challenges.

There's a huge group within the construction industry that is striving to make owners aware that "least cost" is not the same as "low bid." Our company, for one, as a **subcontractor,** hopes that non-bid costs (e.g., cooperation, management, and responsiveness) are considered by those to whom we quote.

I'm not disputing online bidding; I'm not even sure I dispute an online auction, though I'm unsure how it could work for anyone other than prime contractors. But your comments seemed "offline" to me.

Bill
WJOIII@aol.com

Joe Stoddard Responds:

I can't disagree; however, change orders and other processes post-contract don't really come into play when the job is initially bid. The advent of the "virtual project" where the specifications are created at design time, and the building is tested and re-tested as a computer model before any of those specifications hit paper will help solve the current problem with specs. This technology will filter down from the largest projects, eventually affecting small commercial and even residential work.

As far as selling value, more power to you. I hope there will always be loyalties between contractors and their best subs but, assuming all other factors are equal, and the GC has three good subs or suppliers scratching for the same job, the deciding factor will still be price.

As far as design/build, despite the hype about quality control and a more streamlined process, the fact is design/build is a way for designers and contractors to break out of the low price game. What's unclear is whether there is any real benefit to the building owner or the overall project outcome, or if it is just a better business model for the firms engaging in

the practice.

Plenty of design firms now trying to manage construction projects are incompetent at doing so. Without the knowledge and control of a good general contractor, the subs, suppliers, and owners pay the price. On the other hand, there are also plenty of horrible, dysfunctional buildings cluttering our landscape because of general contractors who decided to become "designers." In those instances, the bottom line has taken priority over the functionality and aesthetics of the final product.

I'm not saying design/build can't work, but I am saying the buying public should proceed with caution any time traditional checks and balances are removed from the process.

Online bidding options may be Web's best secret Business First April 5, 2002

April 5, 2002

SECTION: Vol. 18, No. 33; Pg. B11; ISSN: 07486146

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HEADLINE: Online bidding options may be Web's best secret

BYLINE:
Rawdon, Scott

BODY:
An online construction bidding service that started out as an in-house function to manage project bids for one contractor in northern Ohio is getting rave reviews from industry insiders - but has yet to attract many users in Central Ohio markets.

Cleveland-based Constructionbidding.com enables bidders - general contractors, **subcontractors,** vendors and suppliers - to view project documents online and bid at their convenience.

"Our goal is to be the best and to saturate the United States,"' said Holly Mandak, account executive for the 2-year-old service.

While her statement may sound ambitious, the company, with three full-time employees, was voted one of the top construction Web sites of 2001 by Constructor Magazine.

Mandak said the site attracts 70,000 hits per week, 7,000 user sessions per week and serves about 23,000 users in all 50 states.

"Anytime a project has been posted, we have that project up within 24 hours," she said. "Contractors don't have to travel to, a plan room just to bid on a project. It's a way to produce results quicker, faster and cheaper.

Other sites, she said, will post documents but don't offer the communication tools of her site.

"It's free for the users," she said. "The prices are reasonable - we charge the person who posts." The site's service is twofold. First, the site provides project sponsors, such as owners, general contractors and construction managers, to take project documents and place them on the Internet in a protected environment to make those documents available to project bidders.

Second, the site enables bidders to view, download and print document information with the click of a button.

Other perks to the sponsor, said Web site managers, include instant communication tools and

data mining opportunities.

Sharing the system

Constructionbidding.com, said Mandak, grew its roots four years ago as an inhouse service of Fortney & Weygandt Inc., a $100 million-a-year general contractor based in North Olmstead.

The company, which is more than 20-years old, employs an office staff of 50 and more than170 carpenters and superintendents in the field.

"It's catching on more and more all the time. It just makes life tremendously easier," said Bob Fortney, Fortney & Weygandt's president and founder. "Dealing with hard copy specs is just an extremely cumbersome area to work with. Architects don't have the opportunity to get the drawings 100 percent before they go out to bid. There's always an addendum three days before it goes out to bid. You have to get those out to the hundreds of people the drawings went out to it stops everything. And that's just for a simple job.

"Those numbers just multiply on a bigger project," he said. "The old-fashioned methods are extremely expensive."

Fortney said his company has a rather sophisticated pricing system and dealing with plans and specs were a "big stumbling block."

Getting past that block, he said, motivated him to implement the online system. The system worked well. So well, in fact, that he said it outgrew being limited to his company.

"We decided to take it out to the world," he said, "and the world is beginning to grasp onto it."

Catching on

Fortney said in addition to random users, there are three or four major groups taking advantage of the system, including the Cleveland Clinic.

"These groups use it continually," he said.

The system has yet to be really embraced by the Columbus area, although Fortney believes it's simply a matter of time. For architects, he said, the system would be effective for controlling reimbursable costs. An architect, Fortney said, "must process a bunch of worthless drawings."

"He can tell people to go online and look at the drawing. He doesn't have to draw all those out. He knows who's seen what, when and where," he said.

Fortney stressed that the online system has five levels of security.

Columbus landscape architect Keith Myers, of Myers-Schmalenberger Landscape Architects, said drawings often are exchanged online, but the bidding service was something he didn't normally see.

"It's a great idea. I didn't even know it was going on," he said. "Yes, if we understood how it works, weld be very interested in using the service."

Even though local contractors may not be familiar with the new service, they should not feel too far out of the loop.

"As the staff member responsible for construction technology at the Associated General Contractors of America, I support a committee of constructors that have a great deal of interest in all things 'e' related to the construction process," said Mark Pursell, the Alexandria, Va.-based group's executive director of business development. "My take on electronic bidding is that it's an interesting concept that has yet to take hold. I'm not aware of a sustained electronic bidding in our industry. I do know that more than one (state department of transportation) is moving forward with an electronic bidding system."

The Texas Department of Transportation is doing so, for example.

"But keep in mind," he said, "that a (department of transportation) is one large, well-organized customer with the ability to make highway constructors participate." This is much different, he said, from the commercial building market, which is fragmented, and where construction company owners operate with many different processes and rules.

However, even though such online services may not be widespread among Columbus contractors, several exist nationally in addition to Constructionbidding.com, although the level of service may vary. Some of the other sites include fwprojects.com (directly sponsored by Fortney & Weygandt Inc.), buildpoint.com and contractorhub.com.

Fortney was not concerned that his online bidding creation has yet to become a household word in Columbus.

"I built this basically for me and it really works," he said. "Even if it doesn't catch on with the rest of the world, it still works for me.

LOAD-DATE: April 23, 2002

Toll Brothers Promotes Seven Executives to Senior Vice President PR Newswire April 8, 2002 Monday

PR Newswire

April 8, 2002 Monday

SECTION: FINANCIAL NEWS

DISTRIBUTION: TO BUSINESS EDITOR

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HEADLINE: Toll Brothers Promotes Seven Executives to Senior Vice President

DATELINE: HUNTINGDON VALLEY, Pa. April 8

BODY:

Toll Brothers, Inc. (NYSE: TOL), the nation's leading builder of luxury homes, has promoted to senior vice president seven senior executives. The executives are: Thomas A. Argyris, Jr.; James W. Boyd; Barry A. Depew; Cory DeSpain; Richard T. Hartman; Edward D. Weber; and Douglas C. Yearley, Jr.

In announcing the promotions, Robert I. Toll, chairman and chief executive officer stated: "These individuals represent Toll Brothers' senior leadership team of the future. Each has played a critical role in the success of the Company and its growth for more than a decade."

Zvi Barzilay, president and chief operating officer, commented, "Not only do each of these executives manage a significant homebuilding portfolio, but in the Toll Brothers business model, each also has significant operational responsibilities in other areas such as acquisitions, technology, marketing, architecture, plant operations, lumber distribution, and central purchasing. This diversified experience has prepared them to lead our Company into the future."

Tom Argyris, 51, began his career with the Company in 1987 and now holds major divisional home building responsibilities, overseeing the North Central New Jersey Division and the Northeastern Pennsylvania Division. He heads Toll Integrated Systems, our component manufacturing and assembly business, and supervises the Company's Information Systems Department, helping to keep Toll Brothers at the forefront of technology. Mr. Argyris holds an M.B.A. from Temple University and a B.A. in Mathematics and Economics from Clemson University.

Jim Boyd, 46, began his building career with Toll Brothers in 1983. He now heads Toll Brothers' operations in California, which he established in the early 1990s. Responsible for all aspects of Toll Brothers' homebuilding and development in California, Boyd has grown the division, which now controls more than 3,900 home sites, from annual revenues of $5.5 million in 1994 to $325 million in 2001. Boyd is a graduate of Yale University where he received a B.A. in History in 1978 and of the University of Pennsylvania Law School where he received his J.D. in 1981.

Barry Depew, 45, joined the Company in 1983 and today oversees homebuilding operations in Texas, Delaware and a significant portion of Pennsylvania. He led Toll's entry into Texas,

which now includes communities in Austin, Dallas, and San Antonio. In addition, he oversees Toll's Internet technology and networking group as well as our growing e-commerce activities. He graduated from Drexel University with an MBA in Finance in 1983 and from Lafayette College with a B.S. in Mechanical Engineering in 1979.

Cory DeSpain, 51, began his career with Toll Brothers in 1988, and since 1993 has headed the Company's metro Washington, DC division, which includes operations in Maryland and Virginia. The Company's fastest growing division, it includes over 30 communities including four master planned communities with amenities such as championship golf courses, country clubs and nature preserves. Mr. DeSpain has an MBA in marketing from the University of Colorado.

Richard Hartman, 45, has been with Toll Brothers for the past two decades, having joined the firm as a member of the purchasing department, responsible for creating specifications and standards for new homes and site improvement construction. He now heads home building operations in Nevada and Arizona, and a division in Central New Jersey. He spearheaded Toll's entry into the active-adult market, overseeing Toll's first active-adult community, Riviera at Westlake in Ocean County, New Jersey. He also supervises the Company's purchasing department. He graduated from Spring Garden College in 1979 with a B.S. in Construction Management and Engineering.

Ed Weber, 51, has been with Toll Brothers since 1979. He supervises home building operations in Bucks County, Pennsylvania and in Florida, which includes operations on the East and West Coasts. Ed also oversees Toll Architecture and the Product Development department, which introduces over 100 new home designs each year, and the quality assurance team of professionals who ensure quality home production. He led Toll's initiative to create Tollbid.com, Toll Brothers' on-line **subcontractor** bidding program. Mr. Weber graduated from Wilkes University with a B.S. in Commerce and Finance in 1973.

Doug Yearley, 42, joined the Company in 1990, specializing in land acquisition from financial institutions and the Resolution Trust Corporation. He oversaw Toll's entry into the Mid-West, a division he currently manages, which includes communities in Ohio, Michigan and Illinois. He also has divisional homebuilding responsibilities for Central and Southern New Jersey and will also manage Toll's new markets of Denver, Colorado and Hilton Head, South Carolina. He oversees Toll's builder acquisition program, where he managed the acquisition of Geoffrey H. Edmunds in Arizona, Coleman Homes in Nevada, and Silverman Homes in Michigan. He also oversees Toll's expansion into new geographic regions, the firm's marketing department, the ancillary businesses of Westminster Mortgage, Title and Security, and Toll Brothers Realty Trust, a related commercial property development company. Mr. Yearley received a J.D. from Rutgers Law School in 1986 and a B.S. from Cornell University in Applied Economics & Business Management in 1982.

Toll Brothers, Inc. is the nation's leading builder of luxury homes. The Company generated $2.2 billion in revenues and $213 million in earnings in fiscal 2001. Toll Brothers has produced over 20% compound average annual growth in revenues and earnings for the last one, three, five, seven and ten year periods.

Toll Brothers began business in 1967 and became a public company in 1986. Its common stock is listed on the New York Stock Exchange and the Pacific Exchange under the symbol "TOL". The Company serves move-up, empty-nester and active-adult home buyers and operates in 21 states: Arizona, California, Colorado, Connecticut, Delaware, Florida, Illinois, Massachusetts, Maryland, Michigan, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, and Virginia.
Toll Brothers builds luxury single-family and attached home communities and master-planned luxury multi-product residential golf course communities principally on land it develops and improves. The Company operates its own architectural, engineering, mortgage, title, land

development and land sale, golf course development and management, home security, landscape, cable T.V. and broadband Internet delivery subsidiaries. The Company also operates its own lumber distribution, and house component assembly and manufacturing operations.

Toll Brothers is the only publicly traded national home builder to have won all three of the industry's highest honors: America's Best Builder from the National Association of Home Builders, the National Housing Quality Award and Builder of the Year. For more information visit www.tollbrothers.com.

Certain information included herein and in other Company reports, SEC filings, statements and presentations is forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements concerning anticipated operating results, financial resources, changes in revenues, changes in profitability, interest expense, growth and expansion, the ability to acquire land, the ability to sell homes and properties, the ability to deliver homes from backlog, the ability to secure materials and **subcontractors,** and stock market valuations. Such forward-looking information involves important risks and uncertainties that could significantly affect actual results and cause them to differ materially from expectations expressed herein and in other Company reports, SEC filings, statements and presentations. These risks and uncertainties include local, regional and national economic conditions, domestic and international political events, the effects of governmental regulation, the competitive environment in which the Company operates, fluctuations in interest rates, changes in home prices, the availability and cost of land for future growth, the availability of capital, uncertainties and fluctuations in capital and securities markets, the availability and cost of labor and materials, and weather conditions.

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LOAD-DATE: April 9, 2002

ANALYSIS; INFORMATION TECHNOLOGY; DOWNSTREAM BUSINESS GETS THE HIGH-TECH TREATMENT. Petroleum Economist June 13, 2000

Petroleum Economist

June 13, 2000

SECTION: Pg.72

LENGTH: 2744 words

HEADLINE: ANALYSIS; INFORMATION TECHNOLOGY; DOWNSTREAM BUSINESS GETS THE HIGH-TECH TREATMENT.

BODY:
The downstream oil industry's traditional business model focuses on selling the output of refineries rather than on satisfying customer needs. Control over the early stages of the value chain has historically been key to long -term success and profitability for the vertically-integrated major oil companies. However, the commodity nature of many refined petroleum products, and the pressures of globalisation are forcing companies rapidly to shift their emphasis, writes Neil Thomas, manager, energy practice, Arthur D Little, London.

The new "e-world" greatly reduces the barriers to entry for new customer-focused intermediaries in all industries. Oil and gas is no exception. Oil companies must become customer-focused, or face the risk of these new intermediaries capturing much of the added value in their businesses, reducing existing players to little more than bulk commodity suppliers.

The enhanced customer relationship management (CRM) functionality of the latest "e-technologies" offers an exciting opportunity for companies to break the shackles of their traditional production focus and transform large parts of their organisations into customer-focused businesses. The challenge is to do it before new entrants capture their most valuable customers.

Companies cannot afford to play a "wait and see" game. Estimates of the value of e-business transactions over the next few years range into trillions of dollars. This growth will be fuelled by technology advances that will dramatically increase the means and speed by which information can be accessed.

For many companies the risk is not that they fail to identify the threat, nor that they cannot implement the technology, but that the legacy of organisation structures, processes and cultures prevents them reacting with sufficient agility to change their businesses to meet the new challenges.

Current trends

Already there is evidence of the major players recognising that they need to revisit their main business processes and examine ways in which new e-technologies can improve their business, among them the savings that will be achieved by adopting e-procurement practices for routine purchases of indirect materials.

BP Amoco, for example, has started using the internet to buy basic catalogue items. These items represent only 15% of its $20bn annual procurement budget, but 50% of all

transactions, and the company targeted $200m annual savings from these items alone. By the end of 2000, it aims to conduct 95% of all purchases online.

Companies are also waking up to the potential cost savings offered by transferring a typical sales transaction away from the traditional visit to the customer by a company sales representative to direct customer ordering over the internet. Research has suggested that the cost of a transaction using a field sales executive is typically around $500, whereas the same sale conducted over the internet would cost a company only $10 - a 98% reduction.

E-business is also enhancing the customer management process through initiatives such as online sign-up, account status and e-billing for fuel and loyalty cardholders.

Many companies, including Texaco, offer free online journey planners that identify the location of service stations along the route. Shell has launched free internet access to motorists visiting any of its chain of service stations across Europe. It plans to use its existing fuel payment card as a broader financial services facility that will also serve as a business-to-business e-commerce platform.

ExxonMobil has gone one step further and become the first major oil company to offer a "core" product directly to consumers via the internet. In addition to providing product information, its "Mobil E-Store" carries a range of lubricants and associated products for delivery direct to consumers' homes.

E-business is also having an impact on the main support processes in these companies. BP Amoco has signed a $600m outsourcing contract for its human resources administrative, transactional and information services to achieve what it calls "E-Enabled HR".

Industry reaction

The impact of e-business will go beyond improving the efficiency of key business processes. It also has the potential to reshape the entire structure of the downstream industry. For example, imagine two scenarios for the industry in 2010: "You can't pump oil through a PC" and "From vertical to horizontal integration".

The cautious incrementalist approach taken by the oil companies in the first scenario leads to continuing commoditisation and points to the dangers of not grasping the transformative powers of e-business. In the second scenario, companies use e-business as the catalyst to change fundamentally the industry structure and re-segment around four global segments, each of which is enabled by the new technology.

Clearly, these two scenarios are deliberate extremes between which one can imagine a number of plausible outcomes. However, if anything, they are likely to understate the degree of transformation we will witness over the next 10 years.

You can't pump oil through a PC

In the first scenario, the primary focus of the major oil companies has been on reducing costs via the improved efficiencies offered by the new e-technologies. While these initiatives have succeeded in reducing costs, the business model is much as it has been for the previous quarter of a century. The companies remain integrated, production-led organisations. Satisfying customers - formerly a basis for differentiation - has become a threshold criterion expected by all customers and delivered by all credible vendors.

However, while the oil companies were looking at how to conduct their business better, others were looking at how to conduct the oil business differently. By adopting new business models based on enhanced customer value propositions, new intermediaries have been able to reconfigure many of the channels to market.

In the retail sector, for example, supermarkets have linked with the major motor manufacturers to provide total motoring solutions to the most attractive segments (identified by their combined customer databases). With these companies' hassle-free offering, motorists no longer have to shop around for the best-value fuel. In-car internet technology provides Global Positioning System (GPS) directions to the nearest service station anywhere in the country - with continuously updated information on fuel prices. Customers' search costs are minimised, oil companies' profits on retail fuel sales are competed away to zero and supermarkets maintain customer loyalty by offering reward points on all transactions on in-house credit cards - including fuel bought at oil company outlets.

The oil companies' standard offering remains available at all their service station convenience stores, effectively catering to the lowest common denominator. Their belief that the convenience of their network of stations is unassailable is shattered, however, by increasingly sophisticated and widespread supermarket services that offer one-hour "milk-round" deliveries of core convenience items in all major urban areas.

There are new "infomediaries" between customers and oil product suppliers in the commercial fuel markets. Never taking title to the product, their role is to provide comprehensive customer service solutions that include guaranteed lowest prices on fuel.

Fuel storage tanks at factories and transport depots fitted with intelligent replenishment sensors are linked, via the internet, directly to these agents, who pool all their customers' requirements and seek **automated bids** from fuel **suppliers.** Similarly, in marine fuels, agents co-ordinate the fuel requirements of the major shipping companies along with their other supply needs. By pooling demand, agents are able to offer lower prices to customers while enhancing service.

This is not the stuff of Arthur C Clarke or any other science fiction author. Technology to enable these changes exists today. As a result, if the oil companies do not rise to the challenge, by 2010, large parts of the value chain will have been captured by new players.

In this scenario, downstream oil companies will have become suppliers and shippers of commodity products. Their strategy of cautious incrementalism will result in the continuation of today's trend towards commoditisation.

In the second scenario - from vertical to horizontal integration - the leading lights in the industry realised the potential of e-business to change industry structure. They were quick to identify that the key control points in the value chain would increasingly shift to the final customer interface. As a result, they organised their downstream oil businesses around four global segments: manufacturing; distribution; midstream marketing; and retail merchandising, each of which is enabled by different aspects of e-business.

Manufacturing is consolidated into a smaller number of large-scale, highly efficient integrated oil, gas and chemicals complexes. Often owned by multiple partners, they serve a customer base including formerly competing integrated oil majors.

Procurement of feedstocks and maintenance materials is handled automatically by e-commerce systems. The internet provides a platform for global sharing of best practices with other manufacturers, suppliers and customers, making the supply chain more efficient.

Product distribution, the other asset-based segment, is handled by dedicated, scale-driven "product movers". Shipping, pipelines, and rail and road transport are all handled by integrated one-stop storage and distribution providers using e-business across their operations to optimise efficiency and deliver cheaper services.

In the knowledge-based segments, midstream marketing companies focus on providing multiple energy products and services to large-volume energy consumers. Their mission is not just to sell oil products. By aggregating their customers' demand, they are able to access the most cost-efficient sources of electricity, gas and oil products.

Total e-business automation of transactions, scheduling, risk management and other support processes ensures both the cheapest and highly-developed business model.

In retail merchandising, oil companies have shifted away from selling oil products to leveraging their brands. Clearly, supplying fuel to motorists remains a core part of the offering, but it is no longer viewed as their raison d'etre. E-business has allowed greater insight into customer requirements.

Companies are more sophisticated at tailoring the offering at service stations to match customer needs. To stave off the threat posed by home delivery shopping services, stations act as local collection/delivery points and increasingly focus on their advantages of speed and convenience.

The global brand is seen as a hub onto which are attached the spokes of products and services. For example, oil companies have formed alliances with major vehicle retailers and manufacturers, providers of repair, maintenance and car care services, banks and finance companies, even major supermarkets.

These alliances are bound together by e-business systems into a virtual company of impressive scale and scope. The potential for merchandising is limited only by the value-generating market segments they choose to capture.

If they have not already started, oil companies must begin immediately to look at all business processes to explore opportunities for efficiency gains through the power of the internet. Beyond this, companies must also look to e-business to transform large parts of the industry value chain and for new approaches to value creation.

Improving business processes

The sheer size of oil companies' capital and expenditure budgets means that the opportunities for cost savings through e-procurement are large. Many of the oil companies' major commercial customers are already demanding that their suppliers meet their online buying needs. The efficiency of product distribution can be improved through online links from service stations and other end-use customers right back to the refinery, via the various distribution depots.

Online ordering and intelligent replenishment sensors can reduce working capital and allow more flexible refinery production. The customer management process can also be transformed through streamlined transactions, sales management, and better customer communication and loyalty programmes.

But redefining business processes alone is not sufficient; other changes are needed as oil companies apply the tools of e-business directly to their core product/service supply chain, improving the efficiency of their supply and trading activities. New e-markets will be

established along the lines that are already evident in related industries, such as chemicals.

The transition is likely to be fastest for crude oil trading and commoditised futures, swaps and options, although refined oil products will rapidly follow as new, virtual, oil markets and auction sites are established. Refining will benefit from the effects of e-procurement and the advantages offered by real-time information.

Although the physical nature of energy industry products means that there are roles for product movers, oil companies need not be structured around this physical supply chain. They must control the commercial interaction and continuous communication with customers. Rational decisions can then be taken on the best way to move the product.

Four levels of e-business innovation have been identified by Arthur D Little, ranging from the provision of enhanced customer information on simple web pages to business models that utilise the transformative powers of e-business to shift value creation significantly.

Leading companies are well under way in achieving the first level of e-business innovation, namely marketing innovation, through initiatives such as online provision of service station locations and product specifications.

Some are taking the first steps to a second level, channel innovation, by beginning to sell products and to process orders over the web. However, these are tentative steps, involving direct sales offered in parallel to the more traditional sales channels, and are already leading to concerns over channel conflict. While oil companies are right to have these internal debates, they risk becoming moribund.

Competitive advantage

New start-ups are not burdened by the debate on how to deal with a legacy of traditionally loyal partners. Their competitive advantage lies in their ability to adopt the third level of e-business innovation from the outset.

This product/service innovation is likely to involve intermediaries aggregating petroleum and other energy-related products from multiple suppliers, and "bundling" them for sale to customers with better service and lower costs enabled by e-business.

The question now is whether or not the traditional oil companies respond to the threat posed by these potential new entrants with an even more innovative approach. A fourth level, business model transformation, will require a new kind of thinking. Five years ago, Arthur D Little proposed the idea of the Virtual Oil Company(TM) (PE 5/00 p46) as a means of challenging industry strategic thinking and to push scenario visioning to the limit.

The idea is no longer seen as quite so laughable. Indeed, the domain name, E-Energy.com, has been registered, but who will have the vision to take the concept to its full potential?

Oil companies that look to e-business simply to improve current business processes will undoubtedly benefit in the short term, but may be sowing the seeds of their longer-term demise. The organisations that look beyond current industry structures and relationships have a tremendous opportunity for profitable growth.

To succeed, companies will need to take a hard look at their competency platforms and work on their willingness and ability to operate an extended enterprise. However, these new business models and value propositions must be based on reality - investors tempted by new dot com start-ups proposing to refill motorists' fuel tanks with unleaded gasoline over the

internet should proceed with extreme caution. But who knows what tricks Bill Gates has up his sleeve for the launch of "Windows 2010"?

LOAD-DATE: June 13, 2000

Dynamic Bidding Changes Supply Mgmt At Sun Microsystems Managing Logistics April 2001

Managing Logistics

April 2001

SECTION: Pg. 13

LENGTH: 1889 words

HEADLINE: Dynamic Bidding Changes Supply Mgmt At Sun Microsystems

BODY:
Dynamic bidding has opened a new chapter in the e-procurement book at Sun Microsystems, Inc. (Palo Alto, Calif.). Not only is this company establishing dynamic bidding best practices, but they're also committed to driving significant spend through this process. In fact, for the current fiscal year (ending June 30, 2001) the goal is to source $ 1-billion worth of business through dynamic bidding.

"We're focusing our dynamic bidding effort almost expressly on direct material spend, which represents about 80% of Sun's total spend," according to Sun's Anthony Cavotta, senior manager, eSolutions development, supplier management, (anthony.cavotta@ebay.sun.com).

Dynamic bidding still considered "experimental" by Sun. Despite the early successes and the aggressive goals for the process, Cavotta considers dynamic bidding "very much an experiment." In a nutshell, dynamic **bidding** is an **online** event where invited **suppliers bid** real-time in an open marketplace for the opportunity to supply a product or service.

Cavotta is quick to add that dynamic bidding is not an auction or an attempt at creating spot markets. "We're not committing to more business to the lowest bidder automatically," he explains. "What we're doing is trying to identify the market price in an event and take that as a data point."

Further, the bidding event originator controls the decision making in the sourcing selection process. Additionally, it harnesses the power of Internet-enabled procurement technology.

The real gain, he offers, is that dynamic bidding "drives process discipline around creating complete product specifications and robust quality requirements into the instruction set that's given to the suppliers. This is what we found to be the major gain in addition to the business results that are attractive."
Pilot event highly successful. "We took two strategic commodities, boards and cables, and ran a risk-managed pilot in May 2000," Cavotta described at the B2B Online Trade Exchanges & e-Marketplaces Conference (Institute for International Research, New York; www.iir-ny.com). There was a strategic impact in that the commodities are important to Sun, but they were not worried about "burning any supplier relationships by failing to execute brilliantly on this experiment," he explains.

The selected products were in the third and fourth year of their lifecycles, they had commodity management attention, there was driving cost reduction for three years, and Sun ran some competitive bidding events previously. The results from these pilots were "just amazing."

Dispelling some major myths. Since May, Sun has run many additional dynamic bidding events and had them in the same commodities as in the pilots as well as other commodities.

"Our experience is dispelling the myth that you can only hold a bidding event once, with a winner and a whole bunch of losers, and the losers don't come back," Cavotta offers.

"What we're also seeing is that incumbent suppliers that do not embrace this process, that don't recognize this as strategic initiative on our part, are finding out the hard way how important this initiative really is because their revenue stream is going down," he explains.

"We definitely make a commitment going into an event that we're going to make a business award based on the outcome of the event. To the suppliers, incumbents and others, we say 'here's your invitation. You can decline, but decline at your own peril, because if you're not in the event we're not going to do business offline or through a backroom discussion.'" Incumbent suppliers are not the only participants invited to the dynamic bidding event. "We also let our key external manufacturers invite, or actually screen, their approved suppliers against the criteria," he adds. "In that manner we take a kind of risk in having some suppliers we haven't worked with before into the event."

A look into the dynamic bidding process. "What we're doing is enabling the traditional sourcing process by substituting the manual negotiations with an online bidding event and taking more time upfront by building a much more robust RFP," Cavotta explains. For example, he notes, the sourcing flow remains the same except that the negotiation process is usually compressed from one to three months to one day.

The process does present a major challenge to commodity managers and professional buyers. Typically, they don't really address the terms and conditions of doing business until well after the business award has been made. "In the online world, you have to take all that knowledge and what used to be a quarter-inch thick document, now becomes a four-inch thick RFP," Cavotta relates.

This has major implications on design engineering, operations, contract management, and other groups, because not only price, but also requirements such as cost and quality, time-to-volume and many others have to be built into the RFP much earlier in the process.

There is also a lot of strategy behind the bidding events. "The way you select and group your part numbers very much dictates the results you get," according to Cavotta. You also have to understand the market conditions and know how to set your entry points.

An important consideration is the "switching" cost. "You may be moving from the incumbent," he offers. "That means somebody is going to have to go out and qualify the new supplier." Should you have a traditional sourcing practice of single sourcing and staying with that single source for the entire lifecycle, then you "really have a big infrastructure to go out and check for the new sources of supply." Cavotta advises, "the switching costs really need to be explored deeply."

Before the dynamic bidding event and extending invitations to the suppliers, Sun's commodity managers and professional buyers review several strategic sourcing elements. This may include looking into how a particular supplier has performed by reviewing its scorecard ratings for the past three quarters. Also, there's a review of their various and specific capabilities. "Since, for the most part, we know the suppliers we're working with, we look at the bidding event as another data point to be included in the total sourcing decision," Cavotta mentions.

That's the difference between Sun's dynamic bidding process and the typical auction. In the auction environment "you can open it up to anybody with a browser who can then submit a bid," he explains. "Instead, in our dynamic bidding process, I invite selected suppliers and there's no commitment to go with the lowest bidder."

Cavotta emphasizes the attempt is to build a competency across the company and to establish a tool for strategic buyers and commodity managers. Therefore, when appropriate conditions arise, they can then use dynamic bidding to go after that commodity buy.

Suppliers also benefit from dynamic bidding process. Sun collaborates with their external manufacturers and supplier base. Cavotta explains, "Dynamic bidding does not blow up supplier relationships. Instead, it requires working with key suppliers to develop best practice that takes time out of the sourcing selection process." Additionally, Sun and the external manufacturers work together to establish a dynamic bidding solution competency, driving significant spend and learning. Cavotta acknowledges, "initially suppliers had been slow to warm up to this process, but in many cases they now are."*

LOAD-DATE: April 4, 2001

CBMR news briefs Contractor's Business Management Report November 1999

Contractor's Business Management Report

November 1999

SECTION: Pg. 8

LENGTH: 1103 words

HEADLINE: CBMR news briefs

BODY:

(SIGMA symbol) Improved cash flow. The following questions, derived from the American **Subcontractors** Association's (ASA; Alexandria, Va.) 29-Point Cash Flow Checklist for Contractors, are examples of important questions that **subcontractors** and GCs should be prepared to ask. The complete publication is available from the ASA's Specialty Contractor Press. Contact: 703-684-3450; request Item #4123. Cost: $ 9 for members, $ 15 for nonmembers.

1. Have all the plans and specifications been reviewed?

2. Have additional contract terms been incorporated by reference? Have you read them?

3. Has the estimate been double-checked?

4. Has the scope of the bid been confirmed in writing on a proposal form that states what is included and what is not?

5. Is the bond premium excluded or included?

6. Is it clear who will furnish temporary facilities and at whose cost?

7. Has the source of funds been verified?

8. Have the insurance requirements been verified?

9. Are progress payments being paid monthly on a certain date (insert the date), including payments for materials stored onsite? Offsite?

10. What is the retention in the prime contract? In the **subcontract?** Has it been proposed to eliminate retention?

11. Is final payment paid at substantial completion?

12. Is there opportunity for advance or mobilization payment?

13. Can the schedule of values include amounts for the entire bond premiums in the first progress payment? Stored materials? Shop drawings? Mobilization?
14. What is the maximum cash flow to carry the work (insert the figure) and for how long, according to the proposed schedules of values (insert values)?

(SIGMA symbol) Save your money don't pay for MSDSs. You can find many MSDSs for free on the Web. A few good sites to check out are:

Cornell University: http://msds.pdc.cornell.edu/issearch/msdssrch.htm

Vermont Safety Resource, Inc.: http://siri.org/

Interactive Learning Paradigms: http://www.ilpi.com/msds/index.chtml

Remember, the most appropriate (and also free) source for an MSDS is still the chemical's manufacturer, but Internet MSDS databases are an excellent alternative when you can't get an MSDS from the manufacturer.

(SIGMA symbol) Correction. Due to a production error, the end of "Help Your Company Cut Its Workers' Compensation Costs" was inadvertently omitted from the September issue of CBMR. To receive a free copy of the complete story, contact the IOMA Fax Retrieval Service by dialing 212-244-0360, extension 275, and request document number 6. It will be faxed to you immediately.

(SIGMA symbol) Get your company culture ready for the millennium. A section in ENR on today's A/E/C firms, adapted from Interim Services, Inc.'s "The 1999 Emerging Workforce Study" (www.interim.com), suggests that contractors observe these do's and don'ts:

DoDon't

* Promote based on high performance and merit
* Define loyalty by a willingness to "stay the long haul"
* Allow opportunities for aggressive training, education,
* Provide growth opportunities based on tenure and mentoring
* Create opportunities for job change and skill
* Expect all rules to be followed all the time diversification within your company
* Allow employees to make contributions through creativity
* Eliminate people who have changed jobs every few and innovationyears from your hiring process
* Provide regular, candid feedback on employees'
* Expect employees to do all things your way performance

* Expect employees to make mistakes and learn from them
* Create an environment of black and white, with few shades of gray

(SIGMA symbol) E-Commerce marketplace planned. Primavera Systems, Inc. (Philadelphia), the project management software developer, and PurchasePro.com are creating PrimeContract.com, an e-commerce market for subs, project owners, suppliers, and construction companies. Subscribers to the site (www.primecontract.com) will be able to purchase construction materials and business supplies and services through the Internet; streamline sourcing of **subcontractors;** and review competitive bids and award contracts. The network will be powered by AEC Connect, PurchasePro.com's Web-based search, bid, purchase/contract, and payment technology. Planning and scheduling information will be drawn from Primavera Project Planner for the Enterprise (P3e) and Primavera's Expedition will be used for project administration and contract management. For more information, contact John Statts, Expedition business development director, at 610-949-6763 or e-mail jstatts@primavera.com

(SIGMA symbol) New drug screening program. Associated Builders & Contractors, Inc. (ABC;

Washington, D.C.) is now offering members an onsite drug screening program. Provided by Rapid Response (Norfolk, Va.), the tests provide results in 15 minutes and can be used on jobsites. Be sure to check your state's laws governing onsite testing, which is illegal in some states. Cost: $ 10.50 per test. Contact: Lisa Nardone, (703) 812-2063 or nardone@abc.org

LOAD-DATE: October 26, 1999

PRIMAVERA SYSTEMS Primavera, PurchasePro.com create e-commerce marketplace for construction industry M2 PRESSWIRE September 22, 1999

M2 PRESSWIRE

September 22, 1999

LENGTH: 1390 words

HEADLINE: PRIMAVERA SYSTEMS
Primavera, PurchasePro.com create e-commerce marketplace for construction industry

DATELINE: Philadelphia, USA

HIGHLIGHT:
PrimeContract.com to Bring Together Construction Companies, Project Owners and Suppliers for Buying and Selling of Construction Materials, Business Supplies and Services

BODY:
Primavera Systems, Inc., the leading developer of integrated, scalable, project management software solutions, today announced that it has formed a strategic partnership with PurchasePro.com (NASDAQ: PPRO), a leading provider of online business-to-business procurement solutions, to create PrimeContract.com, an e-commerce marketplace for construction companies, **subcontractors,** project owners and suppliers. Subscribers to the site (www.primecontract.com) will be able to take advantage of the Internet to expedite their purchasing of construction materials, business supplies and services; streamline their sourcing of **subcontractors** required for project work; and efficiently review competitive bids and award project contracts.

The PrimeContract.com network will be powered by AEC Connect, PurchasePro.com's powerful Web-based search, bid, purchase/contract and payment technology. AEC Connect will gather required planning and scheduling information from Primavera Project Planner for the Enterprise (P3e), and exchange purchasing and procurement data, such as order, on-site delivery and material inspection dates, with Primavera's Expedition for end-to-end project administration and contract management.

"The construction industry is ripe for e-commerce," commented Joel M. Koppelman, president of Primavera. "PrimeContract.com extends project management into the heart of purchasing and procurement of construction materials, components and services. In executing their well-crafted plans and schedules, contractors will be able to buyout the job more economically and make sure that everything arrives on-site in time. Additionally, contractors will have the ability to source globally, evaluate and propose alternatives and substitutes that meet performance specifications, lower their transaction costs, and eventually obtain lower prices by buying collectively. All of this means better, cheaper, and faster results for facility owners and operators."

Primavera's installed base of more than 250,000 users gives PurchasePro access to the largest engineering and construction firms in the world. Bringing together the disciplines of project management and construction purchasing is a natural combination, as 72% of construction project managers perform construction-related purchasing.1

Forrester Research projects that U.S. business trade on the Internet will explode from $43 billion in 1998 to $1.3 trillion in 2003.2 With the total construction market in the U.S. reaching $652 billion in 1998 3, according to Engineering News Record, "we believe that construction-related e-commerce will mirror overall e-commerce trends," continued

Koppelman.

PrimeContract.com will extend the efficiencies of electronic commerce to construction-project-related purchasing by connecting buyers and sellers of construction products and services nationwide. It will reduce the time and costs associated with procurement by finding the right suppliers, enabling online competitive bidding and improving the record-keeping associated with the purchasing process. Buyers will be able to quickly and easily compare product offerings from different manufacturers, as well as solicit pricing and availability, putting buyers in a position to make the best purchasing decisions for their projects.

Construction managers, general contractors and project owners will also turn to PrimeContract.com to improve their **subcontract** bidding process. Construction companies can easily submit bid documents and specifications to solicit competitive bids for **subcontracted** work. They can route RFQs/RFPs to approved contractors, or search for matching contractors according to attributes such as CSI (Construction Specifications Institute) classification, geographic location, specialty, minority status, licensing and bonding. Eligible contractors and suppliers are notified of pending project bids and may then respond electronically. Their responses are automatically organized into bid summary spreadsheets for review and award.

Buyers can anticipate an immediate ROI from reduced costs associated with the processing of purchase orders, more competitive prices and overall supply-chain efficiencies. Sellers will find new opportunities to increase sales by expanding their customer base and effectively communicating their product line and pricing. Construction companies and suppliers can subscribe to PrimeContract.com, enabling them to participate as both buyer and seller. For more information on PrimeContract.com, please call John Statts, Expedition business development director, at (610) 949-6763, or email jstatts@primavera.com.

About Expedition

The Expedition product line offers complete project administration and contract management tools that address the demands of multiuser, multiproject, and multisite environments. Through its design review and submittal functionality, Expedition helps ensure all materials necessary for a project are designed, specified, ordered and delivered on time to avoid delays. Expedition helps manage all changes - from differing site conditions to plan modifications - that occur from the inception of a project, ensuring that all change documents are recorded, costed and tracked through to resolution. Expedition Express delivers secure, Web-based access to this project information to ensure timely response to RFIs, submittals, and meeting minutes business items, empowering the entire project team to work together in real time to finish projects sooner.

About PurchasePro.com

PurchasePro.com, Inc. is a leading provider of Internet business-to-business electronic commerce services. Their e-commerce solution is comprised of public and private e-marketplaces where business can buy and sell a wide range of products and services in an efficient, competitive and cost-effective manner. Customers include large organizations such as Building One, Caesars Palace, Carnival Cruise Lines, Cincinnati Bell, Circus Circus Enterprises, Greater Phoenix Chamber of Commerce, MGM Grand, Mission Industries, Nevada Power Company, and Park Place Entertainment. In addition, Purchase Pro is developing private e-marketplaces for several organizations, including the American Association of Franchisees and Dealers. The Company provides extensive support and training programs. For more information, call toll free at 1-888-830-4600 or in Las Vegas at 702-316-7000. You can also access PurchasePro.com, Inc. at its Web site, http://www.purchasepro.com.

About Primavera Systems

Founded in 1983, Primavera Systems, Inc. is the leading provider of innovative project management software and services to help customers successfully manage their projects and resources. The company serves a broad range of industries, including engineering, construction, utilities, energy, technology, telecommunications, chemical processing, financial services, manufacturing, aerospace and defense. Primavera's product line includes TeamPlay, Primavera Project Planner (P3), Primavera Project Planner for the Enterprise (P3e), SureTrak Project Manager, Webster for Primavera, RA, Expedition, Expedition Express, Primavera Enterprise Access Kit (PEAK), DataStore for Primavera and Monte Carlo for Primavera. The company is headquartered in Bala Cynwyd, Pennsylvania with offices in Chicago, New Hampshire, New York, San Francisco, Hong Kong and London. More information about Primavera and its products is available via the World Wide Web: http://www.primavera.com.

1 Construction Financial Management Association 2 Forrester Research, Inc.; December 17, 1998 3 Engineering News Record

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